Shapes/Arch Holdings, LLC
Liquidation Analysis - Exhibit 1
Estimated Liquidation Proceeds

	Month 1 Jul-08	Month 2 Aug-08	Month 3 Sep-08	Month 4 Oct-08	Month 5 Nov-08	Month 6 Dec-08	Month 7 Jan-09	Month 8 Feb-09	Month 9 Mar-09	Month 10 Apr-09	Month 11 May-09	Month 12 Jun-09	Month 13 Jul-09	Month 14 Aug-09	Month 15 Sep-09	Month 16 Oct-09	Month 17 Nov-09	Month 18 Dec-09	Total
1) **Sources**																			
a) Collection of A/R																			
Shapes	2,823,809	2,117,857	705,952	705,952	705,952	705,952	705,952	705,952	-	-	-	-	-	-	-	-	-	-	9,177,380
Delair	2,735,252	2,051,439	683,813	683,813	683,813	683,813	683,813	683,813	-	-	-	-	-	-	-	-	-	-	8,889,570
Accu-Weld	523,906	174,635	174,635	174,635	174,635	174,635	174,635	174,635	-	-	-	-	-	-	-	-	-	-	1,746,352
Ultra	1,112,328	834,246	278,082	278,082	278,082	278,082	278,082	278,082	-	-	-	-	-	-	-	-	-	-	3,615,065
Total	7,195,295	5,178,177	1,842,482	1,842,482	1,842,482	1,842,482	1,842,482	1,842,482	-	-	-	-	-	-	-	-	-	-	23,428,367
b) Sale of Inventory																			
Shapes	8,899,710	2,224,927	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,124,637
Delair	2,356,705	2,356,705	-	-	1,178,352	-	-	-	-	-	-	-	-	-	-	-	-	-	5,891,762
Accu-Weld	303,035	454,553	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	757,589
Ultra	-	-	-	9,573,315	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,573,315
Total	11,559,450	5,036,185	-	9,573,315	1,178,352	-	-	-	-	-	-	-	-	-	-	-	-	-	27,347,303
c) Sale of Machinery & Equipment	-	-	-	-	142,020	-	1,175,295	472,095	4,051,500	-	-	-	-	-	-	-	-	-	5,840,910
d) Sale of Real Estate	-	-	-	-	-	-	-	-	2,542,500	2,520,000	-	-	-	-	-	-	-	13,720,000	18,782,500
e) Other Assets																			
Return of Post-Petition Security Deposits																		1,055,000	1,055,000
Excess of L/C over Reserve - Workmans Comp																		1,400,000	1,400,000
Recovery of Avoidance Actions 5.0%																		2,540,650	2,540,650
Total Estmiated Gross Liquidation Proceeds	18,754,745	10,214,362	1,842,482	11,415,798	3,162,855	1,842,482	3,017,777	2,314,577	6,594,000	2,520,000	-	-	-	-	-	-	-	18,715,650	80,394,730

Shapes/Arch Holdings, LLC
Liquidation Analysis - Exhibit 1
Estimated Liquidation Proceeds

		Month 1 Jul-08	Month 2 Aug-08	Month 3 Sep-08	Month 4 Oct-08	Month 5 Nov-08	Month 6 Dec-08	Month 7 Jan-09	Month 8 Feb-09	Month 9 Mar-09	Month 10 Apr-09	Month 11 May-09	Month 12 Jun-09	Month 13 Jul-09	Month 14 Aug-09	Month 15 Sep-09	Month 16 Oct-09	Month 17 Nov-09	Month 18 Dec-09	Total
2) **Uses**																				
a) Priority and Administrative																				
Chapter 7 Trustee & Professionals		50,000	50,000	50,000	50,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	2,436,842	2,961,842
Chapter 11 Non-Professionals		1,100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,100,000
Chapter 11 Priority Claims		1,326,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,326,000
Chapter 11 Administrative Claims		80,000	-	-	-	-	-	932,000	-	74,794	-	-	-	-	-	-	-	-	673,145	1,759,939
Subtotal		2,556,000	50,000	50,000	50,000	25,000	25,000	957,000	25,000	99,794	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	3,109,987	7,147,781
b) Estimated Wind Down Costs																				
Shapes		675,168	209,508	151,248	375,748	150,748	150,748	375,748	150,748	250,748	475,748	233,548	233,548	458,548	224,948	224,948	449,948	224,948	224,948	5,241,544
Delair		171,760	100,060	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	367,820
Accu-Weld		197,080	103,220	40,760	19,760	19,760	39,760	19,760	19,760	39,760	19,760	-	-	-	-	-	-	-	-	519,380
Ultra		348,740	70,780	53,160	8,660	8,660	8,660	8,660	8,660	8,660	-	-	-	-	-	-	-	-	-	524,640
Total Wind Down Costs		1,392,748	483,568	251,168	410,168	185,168	205,168	410,168	185,168	305,168	501,508	239,548	239,548	464,548	230,948	230,948	455,948	230,948	230,948	6,653,384
c) Other																				
Collection Agency	15.0%			276,372	276,372	276,372	276,372	276,372	276,372	-										1,658,234
Inventory Liquidator (Fee & Exp)	5.75%				550,466	67,755														618,221
M&E Liquidator	15.0%	-	-	-	-	21,303	-	176,294	70,814	607,725	-	-	-	-	-	-	-	-	-	876,136
Reserve for M&E Removal								75,000		250,000										325,000
Real Estate Broker	6.0%	-	-	-	-	-	-	-	-	152,550	151,200	-	-	-	-	-	-	-	823,200	1,126,950
Total Other		-	-	276,372	826,838	365,431	276,372	527,667	347,187	1,010,275	151,200	-	-	-	-	-	-	-	823,200	4,604,542
Net Proceeds from Liquidation		14,805,997	9,680,794	1,264,942	10,128,792	2,587,256	1,335,942	1,122,943	1,757,223	5,178,763	1,842,292	(264,548)	(264,548)	(489,548)	(255,948)	(255,948)	(480,948)	(255,948)	14,551,515	61,989,023
3) **Maintain Cash Balance**																				
Beginning Cash Balance		-	2,500,000	2,505,208	2,510,428	2,515,658	2,520,899	2,526,150	2,531,413	2,536,687	2,541,972	2,547,268	2,288,026	2,028,245	1,542,923	1,290,189	1,036,929	558,141	303,356	-
Plus: Additions		2,500,000	-																	2,500,000
Plus: Interest on Cash Balance	2.50%		5,208	5,219	5,230	5,241	5,252	5,263	5,274	5,285	5,296	5,307	4,767	4,226	3,214	2,688	2,160	1,163	632	71,424
Less: Use of Cash Balance		-	-	-	-	-	-	-	-	-	-	(264,548)	(264,548)	(489,548)	(255,948)	(255,948)	(480,948)	(255,948)	-	(2,267,436)
Less: Return of Cash Balance																			(303,988)	(303,988)
Ending Cash Balance		2,500,000	2,505,208	2,510,428	2,515,658	2,520,899	2,526,150	2,531,413	2,536,687	2,541,972	2,547,268	2,288,026	2,028,245	1,542,923	1,290,189	1,036,929	558,141	303,356	-	(0)
4) **Secured Debt Rollforward**																				
Beginning of Month		67,671,612	62,557,411	53,456,185	52,698,130	43,083,922	40,934,474	40,019,174	39,309,564	37,960,008	33,178,134	31,694,544	32,041,399	32,391,023	32,743,440	33,098,671	33,456,738	33,817,665	34,181,475	67,671,612
Plus: Draw Under Ultra L/C's		3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
Plus: Draw Under Worker Comp - Prior		1,855,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,855,000
Plus: Draw Under Worker Comp - Sentry		1,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,700,000
Plus: Interest - Blended Rate	7.31%	411,961	380,828	325,422	320,806	262,280	249,195	243,623	239,303	231,087	201,977	192,945	195,057	197,185	199,331	201,493	203,673	205,870	208,085	4,470,122
Plus: Additional Interest - Default Rate	2.28%	128,447	118,740	101,465	100,026	81,778	77,698	75,960	74,613	72,052	62,975	60,159	60,818	61,481	62,150	62,825	63,504	64,189	64,880	1,393,763
Plus: Letter of Credit Fee		16,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,388
Plus: Fees - Arcus		80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	1,440,000
Plus: Fees - CIT					13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	206,250
Less: Return of Cash Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(303,988)	(303,988)
Less: Paydown (net of additions to cash)		(12,305,997)	(9,680,794)	(1,264,942)	(10,128,792)	(2,587,256)	(1,335,942)	(1,122,943)	(1,757,223)	(5,178,763)	(1,842,292)	-	-	-	-	-	-	-	(14,551,515)	(61,756,459)
End of Month		62,557,411	53,456,185	52,698,130	43,083,922	40,934,474	40,019,174	39,309,564	37,960,008	33,178,134	31,694,544	32,041,399	32,391,023	32,743,440	33,098,671	33,456,738	33,817,665	34,181,475	19,692,687	19,692,687
5) **Shortfall to Secured Creditors**																				**19,692,687**
6) **Remaining Chapter 11 Priority Claims**																				
503(b)(9) Claims																			2,000,000	2,000,000
Accrued PTO																			1,659,164	1,659,164
Employer Taxes on Accured PTO	10.50%																		174,212	174,212
Total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,833,376	3,833,376
7) **Shortfall BEFORE Unsecured Creditors**																				**23,526,063**

Shapes/Arch Holdings, LLC
Liquidation Analysis - Exhibit 2
Proceeds Comparison

Accounts Receivable	Estimated Book Value 6/15/2008	Estimated Borrowing Base Avail. 6/15/2008	Estimated Gross Liquidation Proceeds 6/15/2008	Estimated Proceeds as a % of of BV	Estimated Proceeds as a % of Bbase
Shapes	14,297,884	11,557,348	9,177,380	64.2%	79.4%
Delair	13,818,274	10,833,083	8,889,570	64.3%	82.1%
Accu-Weld	4,220,790	3,155,888	1,746,352	41.4%	55.3%
Ultra	5,939,833	4,019,830	3,615,065	60.9%	89.9%
Total	38,276,781	29,566,149	23,428,367	61.2%	79.2%

Inventory	Estimated Book Value 4/30/2008	Estimated Borrowing Base Avail. 4/30/2008	Estimated Book Value 6/15/2008	Estimated Borrowing Base Avail. 6/15/2008	Estimated Gross Liquidation Proceeds 6/15/2008	Estimated Proceeds as a % of of BV	Estimated Proceeds as a % of Bbase
Shapes	12,465,844	7,853,183	13,365,560	8,419,983	11,124,637	83.2%	132.1%
Delair	12,809,270	6,315,320	10,875,565	5,361,951	5,891,762	54.2%	109.9%
Accu-Weld	2,937,740	589,138	2,740,148	549,512	757,589	27.6%	137.9%
Ultra	17,562,885	9,263,811	17,216,797	9,081,261	9,573,315	55.6%	105.4%
Total	45,775,739	24,021,451	44,198,070	23,412,707	27,347,303	61.9%	116.8%

Machinery & Equipment	2/2007 Appraisal **Orderly** Liquidation Value	12/17/2007 Appraisal **Orderly** Liquidation Value	12/17/2007 Appraisal **Forced** Liquidation Value	Estimated Gross Liquidation Proceeds	Forced as a % of Orderly	Estimated Proceeds as a % of Forced
Shapes	9,035,000	8,823,250	4,625,275	3,700,220	52.4%	80.0%
Shapes - Tools and Dies	N/A	N/A	N/A	351,280	N/A	N/A
Delair	700,000	681,875	524,550	472,095	76.9%	90.0%
Accu-Weld	1,903,000	1,814,075	1,382,700	1,175,295	76.2%	85.0%
Ultra	206,000	204,425	157,800	142,020	77.2%	90.0%
Total	11,844,000	11,523,625	6,690,325	5,840,910	58.1%	87.3%

Real Estate	2/2005 Appraisal **Market** Value	9/28/2007 Appraisal **Market** Value	9/28/2007 Appraisal **Liquidation** Value	Estimated Gross Liquidation Proceeds	Liq. Value as a % of Market	Estimated Proceeds as a % of Liq. Value
Shapes	9,770,000	12,550,000	9,425,000	7,540,000	75.1%	80.0%
Delair	7,900,000	10,300,000	7,725,000	6,180,000	75.0%	80.0%
Accu-Weld	3,300,000	3,725,000	2,800,000	2,520,000	75.2%	90.0%
Ultra	3,600,000	3,775,000	2,825,000	2,542,500	74.8%	90.0%
Total	24,570,000	30,350,000	22,775,000	18,782,500	75.0%	82.5%

Shapes/Arch Holdings, LLC
Liquidation Analysis
Assumptions
April 14, 2008

Introduction

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired Allowed Claim or Equity Interest either (a) accept the plan of reorganization (the "Plan") or (b) receive or retain under such Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

The purpose of the Liquidation Analysis that follows (the "Liquidation Analysis") is to provide information in order for the Bankruptcy Court to determine that the Plan satisfies this requirement. The Liquidation Analysis was prepared to assist the Bankruptcy Court in making this determination and should not be used for any other purpose.

We have identified the general assumptions that were used in preparing the Liquidation Analysis, which assumes that this bankruptcy case is converted to a Chapter 7 proceeding on the Effective Date, and that a Chapter 7 Trustee is charged with reducing to cash any and all assets of the Debtors and making distributions to the holders of Allowed Claims (and Equity Interests) in accordance with the distributive provisions of Section 726 of the Bankruptcy Code.

Conversion of the Debtors' cases to cases under Chapter 7 of the Bankruptcy Code would likely result in additional costs to the estates. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee as well as professionals retained by the trustee, asset disposition expenses (including broker fees and other commissions), personnel costs, and costs and expenses associated with preserving and protecting the Debtors' assets during the liquidation period.

The Liquidation Analysis is limited to presenting information provided by management and does not include an independent evaluation for the underlying assumptions. The Liquidation Analysis has not been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. The estimates and assumptions, although considered reasonable by management, are inherently subject to significant uncertainties and contingencies beyond the control of management. Accordingly, there can be no assurance that the results shown would be realized if the Debtors were liquidated, and actual results in such case could vary materially from those presented. If actual results are different from those shown, or if the assumptions used in formulating the Liquidation Analysis were not realized, then distributions to and recoveries by holders of Allowed Claims (and Equity Interests) could be materially affected.

The Liquidation Analysis does not include liabilities that may arise as a result of litigation, tax assessments, or other potential claims. The Liquidation Analysis does include an estimate of recoveries from potential avoidance actions. For the foregoing reasons and others, the Liquidation Analysis is not necessarily indicative of the values that may be realized in an actual liquidation, which values could vary materially from the estimates provided herein.

The Liquidation Analysis, which was prepared by the Debtors in consultation with their restructuring and legal advisers, is based upon a number of estimates and assumptions that, although developed and considered reasonable by management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and management. The Liquidation Analysis is based upon assumptions with regard to liquidation decisions that would be made by the Trustee (not management) and that are subject to change. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized by the Debtors were they, in fact, to undergo such a liquidation.

General Assumptions

1) The Liquidation Analysis is based upon an estimate of the proceeds that would be realized, and expenses that would be incurred, by the Debtors in the event that the Debtors' assets are liquidated under Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is based upon projected balance sheets as of June 29, 2008, and further assumes that the Debtor's operate in a "business as usual" environment (as depicted in the Weekly cash flow forecast that was updated as of April 11, 2008 (the "Updated DIP Forecast") until June 29, 2008 (the "Shut Down Date"), at which point all of the employees are released. We have assumed that the Chapter 7 activities commence on July 1, 2008 (the "Conversion Date").

2) The Chapter 7 liquidation period is assumed to last eighteen months following the appointment or election of a Chapter 7 trustee. It is assumed that none of the Debtors businesses will take receipt of any product and that the Debtors will not convert any raw materials or work-in process into finished goods.

3) Aside from the maintenance of a minimum cash balance, all distributions will be made as and when proceeds from the disposition of assets and collection of receivables are received. Projected recoveries have not been discounted to reflect the present value of distributions.

4) The Liquidation Analysis does not assume the sale of the Debtors' assets or any portion thereof on a going concern basis. As a result, the values reflected in the Liquidation Analysis are not indicative of the values that might be received were the Debtors to sell any of their assets as a going concern separately or as a whole. The values reflected in the Liquidation Analysis are based solely on the assumption that the Debtors pursue a pure liquidation under chapter 7 of the Bankruptcy Code.

5) Contingent Liability - This analysis does not include the possibility of liability under the WARN Act for 60 working days of wages totaling $9.7 million. In the event of a liquidation, the Debtors may be faced with WARN liability unless the exposure can be ameliorated in whole or in part through an advance notice to employees or an exemption under the WARN statute. This liability would be treated as an administrative expense claim against the estates.

6) The Debtors have prepared this analysis assuming that all Chapter 7 and Chapter 11 administrative expense and pre-petition priority claims will be paid in full as part of the liquidation of the Debtors' assets. It is very possible that certain Chapter 7 administrative expenses, the Chapter 11 administrative expenses that are not included in a carve-out from the Lenders' collateral, and the pre-petition priority claims will not be paid ahead of payment on the Lenders' secured claims. In this event, the remaining balance due to the Lenders may be several million dollars lower than projected, and these administrative and priority claims would not be paid, leaving administratively insolvent estates.

Specific Assumptions/Footnotes

1) Sources
   a) Collection of A/R – we assumed that the Trustee will hire former employees at each of the Debtors in July and August to pursue collection of outstanding accounts receivable. At the end of August, any remaining open accounts receivable will be provided to a collection agency, which will be compensated at an assumed rate of 15%. We have assumed a 6 month process to collect remaining A/R. We estimated collection amounts based on a percentage of eligible A/R (65% for all Debtors' except Accu-Weld, for which we assumed 50%), and ineligible A/R (32.5% for all Debtors' except Accu-Weld, for which we assumed 12.5%).

   b) Sale of inventory – we assumed that all sales were for cash and that the buyer would be responsible for freight, which has historically been paid by the Debtors' and ranges from 3-5% of revenue. We further assumed that the Trustee will hire former employees to assist with the sales and pick/pack efforts.
      i. Shapes - We assumed that the inventory will all be sold by the end of August and that the sale will generate proceeds equal to 83% of book value and 132% of borrowing base availability.
      ii. Delair - We assumed that virtually all of the finished goods inventory will be sold by the end of August and that the remaining component parts would be sold at auction at the end of November. We assumed that the sale of inventory will generate proceeds equal to 54% of book value and 110% of borrowing base availability.
      iii. Accu-Weld - We assumed that all of the inventory, the vast majority of which is raw materials or work in process, will be sold by the end of August and that the sale will generate proceeds equal to 28% of book value and 138% of borrowing base availability.
      iv. Ultra - We assumed that all of the inventory would be sold at an auction at the end of October and that the auction will generate proceeds equal to 56% of book value and 106% of borrowing base availability.

   c) Sale of Machinery & Equipment – we used the Forced Liquidation Values in the December 17, 2007 Appraisal performed by Dovebid Valuation Services ("DVS") as our starting point, and incorporated an additional across-the-board discount of 10% to reflect the i) passage of time since the M&E Appraisal Date; ii) deterioration of the economy since the M&E Appraisal Date; iii) deterioration of the credit markets since the M&E Appraisal Date; and iv) the possibility that the DVS Liquidation Value did not necessarily reflect the fact that the facilities would be completely shut down and operated by a Chapter 7 Trustee. We incorporated an additional 10% discount for Shapes based on the general state of the extrusion market, and the small number of potential purchasers, and an additional 5% discount for Accu-Weld to reflect the general over-capacity in the replacement window market. Finally, we assumed a 5% recovery on the net book value of

Shapes' tools and dies, as these were not considered as art of Dovebids' appraisal. We assumed that the auctions would occur as follows:

Entity	Month of Auction
Shapes	March, 2009
Delair	February, 2009
Accu-Weld	January, 2009
Ultra	November, 2008

d) Sale of Real Estate - we used the Liquidation Values in the September 28, 2007 Appraisal performed by Cushman & Wakefield ("C&W") as our starting point, and incorporated an additional across-the-board discount of 10% to reflect the i) passage of time since the RE Appraisal Date; ii) deterioration of the economy since the RE Appraisal Date; iii) deterioration of the credit markets since the RE Appraisal Date; and iv) the possibility that C&W's Liquidation Value did not necessarily reflect the fact that the facilities would be completely shut down and operated by a Chapter 7 Trustee. We incorporated an additional 10% discount for Shapes and Delair to reflect the limited alternative uses of this single parcel of land as well as the environmental issues that are present. We assumed that the RE would be sold as follows:

Entity	Month of Sale
Shapes	December, 2009
Delair	December, 2009
Accu-Weld	April, 2009
Ultra	March, 2009

e) Other Assets
   i. Return of security deposits reflects the post-petition utility deposits that were incorporated into the DIP Forecast. We have assumed that these deposits are returned at the end of the liquidation period.
   ii. Excess of L/C over Reserve for Workman's Compensation tail coverage represents the excess of the letters of credit issued to Argonaut and Royal over their established reserves as of 12/31/07. Royal provided coverage from 5/2001 through 4/2004 and has 4 open claims, while Argonaut provided coverage from 5/2004 thru 4/2006 and has 8 open claims. No additional claims will be filed. We have assumed that the beneficiaries will draw on the L/C's shortly after the Conversion Date and have incorporated the return of this excess collateral, which we have estimated at $1.4 million, to the estate in December 2009.
   iii. Recovery of avoidance actions – the Debtors have estimated that they made $50,813,000 in payments in the 90 days prior to filing for bankruptcy protection. We have estimated that the Chapter 7 Trustee will be successful in

recovering 5% of this amount, or $2,540,650, which we have assumed will be collected in December 2009.

2) Uses
   a) Priority and Administrative
      i. Chapter 7 Trustee and Professionals – incorporates a fees equal to 3.0% of gross proceeds from liquidation – payable at the end of the liquidation process, as well as $550,000 in fees to professionals hired by the Chapter 7 Trustee, which would be payable monthly.
      ii. Chapter 7 – Non Professionals – reflects $1.1 million that will be owed to utilities as of the Shut Down Date.
      iii. Chapter 11 Priority Claims – includes accrued but unpaid payroll of $1.2 million representing one week for union employees and 2 weeks for non-union employees, plus employer payroll taxes of 10.5%. WARN ACT obligations (60 work days or 12 weeks of payroll, which equates to $9.7 million) have *not* been incorporated into this analysis.
      iv. Chapter 11 Administrative Claims – includes accrued but unpaid professional fees of $932,000 which are reflected as being paid in January of 2009 from proceeds of the M&E auction; accrued but unpaid sales and use tax of $80,000 (the same amount as existed as of the Filing Date); and $748k in unpaid pre-petition real estate taxes which are paid in conjunction with the sale of the real estate (March 2009 and December 2009).

   b) Wind Down Costs
      i. Includes estimated costs associated with personnel, shipping supplies, equipment rental, cleaning, telephone, utilities, insurance, real estate taxes, and security for each entity.
      ii. Includes $1,350,000 in estimated environmental remediation expenses at Shapes and an additional $1,000,000 of expenses at Shapes relating to the restoration of the Shapes building to a saleable state after the M&E auction.

   c) Other
      i. Collection Agency fee – we assumed that all open A/R would be turned over to a collection agency at the end of August, that the agency would collect the remaining A/R over a 6 month period, and that the agency would earn a fee equal to 15% of what they collect;
      ii. Inventory liquidator fee – we incorporated a fee of 5% of the gross proceeds, plus an additional 75 basis points for expenses, relating to the auctions at Ultra (in October) and Delair (in November);
      iii. M&E Liquidator fee – we incorporated a fee of 10% of the gross proceeds, plus an additional 5% for expenses, relating to the auctions of M&E at each entity;
      iv. Reserve for M&E removal – we assumed that some of the M&E would not be sold at auction, and incorporated a removal reserve of $250,000 at Shapes and $75,000 at Accu-Weld;

v. Real estate broker - we incorporated a fee of 6% of the gross proceeds realized from the sale of real estate.

3) Maintain Cash Balance
   a) Because there are months in which the estimated liquidation expenses exceed the estimated liquidation proceeds, we have incorporated a provision for establishing an interest-bearing bank account, which is used to pay for expenses in months 3, and 11 thru 17.
   b) Excess balances are used to repay secured debt at the end of the liquidation period.

4) Secured Debt Rollforward
   a) Beginning secured debt is derived from the 6/29/08 balance in the DIP Forecast, as follows:

Type of Debt	Amount
CIT Bank Group - Revolver	$47,057,409
Arcus Term Loan	20,614,213
Total Secured Debt	$67,671,612

   b) Draw under Letters of Credit – we have assumed that all letters would be immediately drawn upon, thereby increasing the CIT loan outstanding in July.
   c) Interest – we calculated the blended interest rate on the CIT Bank Group debt and Arcus Term loan as of 6/29/08 (assuming the letters of credit were fully drawn) and calculated a weighted average cost of secured debt of 7.31%. We assumed this blended rate for the entire liquidation period which further assumes that the CIT Bank Group and Arcus are paid down at the same proportional rate. We did not attempt to estimate the manner in which liquidation proceeds would be applied to the individual debt instruments.
   d) Additional Interest – Default Rate – we incorporated additional interest expense relating to the default rate of interest, which is an additional 2% under the CIT Bank Group debt, and 3% under the Arcus Term Loan.
   e) Letter of Credit Fee – we assumed that any outstanding letters of credit would accrue fees at the annual rate of 3.00%, which is the stated rate in the CIT loan documents.
   f) Fees- Arcus – incorporated at $80,000 per month.
   g) Fees – CIT – incorporated at $13,750 per month per the terms of their Agent's Fee Letter.
   h) Return of Cash Balance – incorporates the return of excess cash balances in the bank account at the end of the liquidation period as described above.

i) Paydown – for modeling purposes, we assumed that the Net Proceeds from Liquidation in every month (in excess of the amounts deposited into the bank account as described above) would be used to reduce the Secured Debt.

5) Shortfall to Secured Creditors – net proceeds from liquidation have been estimated at $62.0 million, which will result in a shortfall of $19.7 million to the secured creditors. In addition, there is an additional $3.8 million of priority payments (503(b)(9) claims and accrued vacation and sick time) that would be paid before any distribution to the unsecured creditors, resulting in a total shortfall of $23.5 million. Accordingly, there would be no distribution to unsecured creditors.

Comparison with Balance Sheet and Borrowing Base

Exhibit 2 compares various appraisal values with the estimated 6/29/08 book values, the estimated 6/29/08 borrowing base amounts, and the estimated liquidation values.